TRANSFORMATIVE 100% ACQUISITION OF ADVANCED PINGÜINO SILVER GOLD PROJECT

E2 Metals Limited (**E2** or **the Company**) is pleased to announce that it has acquired a 100% interest in the advanced Pingüino silver gold project from Austral Gold Limited (**Austral Gold** or **AGCL**).

HIGHLIGHTS

- 100% acquisition of one of the largest undeveloped silver gold resources in Santa Cruz, strategically located 15km north of E2's flagship Conserrat project (see Figure 1).
- Consolidation of two adjacent silver gold districts to provide accelerated pathway to critical mass and further resource development
- Indicated and inferred resources[1] (NI 43-101 foreign estimate) as of September 2014:
    - **51Moz at 90gpt AgEq**[2] (32Moz Ag and 219koz Au) at 20gpt Ag cut off
    - **31Moz at 201gpt AgEq**[2] (21Moz Ag and 132koz Au) at 70gpt Ag cut off
- Includes 9,986 Ha landholding hosting +115km cumulative strike of underexplored epithermal veins
- Significant potential to upgrade resource through resource expansion and new vein discoveries
- Upfront payment of US$2.5m funded from existing cash reserves
- Regional consolidation to be complemented by E2's upcoming maiden Mineral Resource Estimate (MRE) at Conserrat expected in Q1 2023, after closing transaction

Chairman Peter Mullens states: *"This is a transformational acquisition for E2 and the Pingüino project, consolidating two large silver and gold vein districts under one company, forming an emerging pure play silver Company on the ASX. The acquisition has strong rationale for both parties, and is expected to provide E2 an accelerated pathway to critical mass and resource development, while Austral retains 19.9% participation in the consolidated portfolio, leaving Austral to focus on its core mining operations in Chile and Argentina, and its interest in the United States (Nevada and Utah)."*

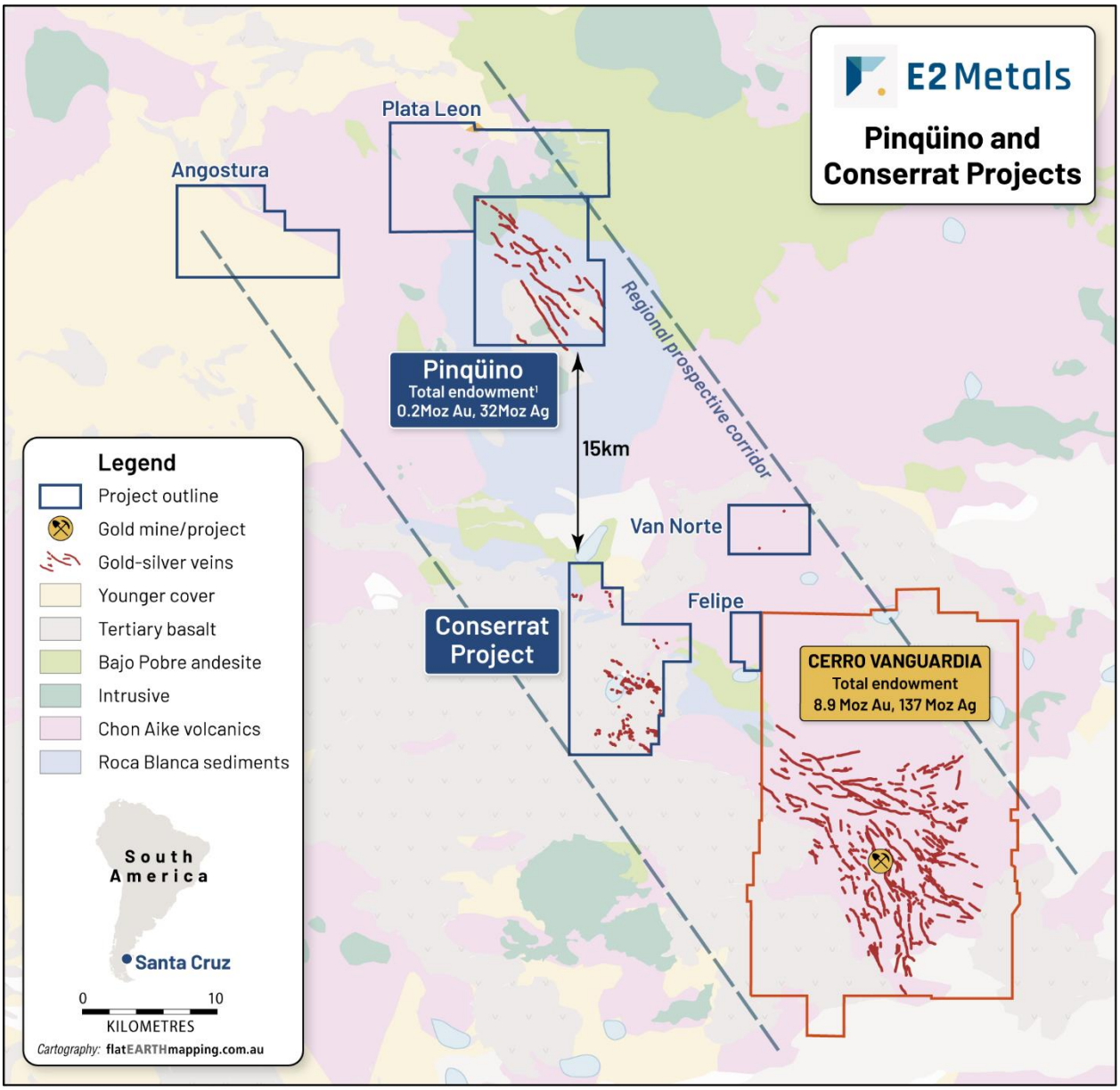
Managing Director Todd Williams states: *"This transaction is a watershed moment for E2 and has been many months in the making. The consolidation of Pingüino and Conserrat creates a single company with the largest undeveloped silver resource in Santa Cruz, new and evolving high-grade discoveries with a commanding landholding by a junior in the prolific Cerro Vanguardia district. Shortly after closing the transaction, E2 intends to publish an updated mineral resource estimate for Pingüino in accordance with JORC and define plans for resource expansion and vein discoveries. The Company remains in a strong financial position and will fund the upfront cash payment from the Company's current cash reserves".*

[1]*see Foreign estimate Table 1 and details below*

[2]*Silver equivalent grades calculated at spot price of USD$1700/oz gold and USD$20/oz silver (Ag + Au*85)*

TRANSACTION OVERVIEW

E2 is pleased to announce that it has signed a formal Share Sale Agreement (the Agreement) with ASX and TSX-V listed Austral Gold and its subsidiary, Austral Gold Canada Limited (formerly Argentex Mining Corporation)(AGCL), to acquire all of the outstanding shares in SCRN Properties Limited (SCRN), a private Canadian company that owns the mineral claims that make up the Pingüino silver and gold project (Pingüino Project). The Pingüino Project is strategically located 15km north of E2's Conserrat project in the Santa Cruz province of Argentina.



- *Figure 1: Conserrat Project*

TRANSACTION HIGHLIGHTS

- 100% acquisition of one of the largest undeveloped silver and gold resource in Santa Cruz
- Creation of an emerging pure play silver development company on the ASX
- Consolidation of two adjacent silver gold districts to provide accelerated pathway to critical mass and further resource development
- Commanding landholding in the world-class Cerro Vanguardia precious metals region
- Total Indicated and Inferred Foreign estimate[1] as of September 2014 of
    - **51Moz at 90gpt AgEq**[2] (32Moz Ag and 219koz Au) at 20gpt Ag cut off
    - **31Moz at 201gpt AgEq**[2] (21Moz Ag and 132koz Au) at 70gpt Ag cut off
- 85% of Indicated and Inferred resource less than 130 vertical meters below the surface
- Significant potential for resource expansion and new vein discoveries:
    - 19 exploration targets untested by drilling
    - 6 mineralised veins defined by historical drilling that are not included in the Foreign estimate, or where mineralisation is open at depth or along strike
- The transaction includes the underlying surface rights (El Piche farm) and camp infrastructure, improving site access and reducing operational costs
- Conserrat MRE due in Q1 2023 after closing the transaction
- The Company has funds of A$9.2 million as of the end of September 2022

PINGÜINO PROJECT

The Pingüino Project is made up of four mining titles (see Table 2) comprising 9,986 Ha located in the central-south Deseado Massif geological province, 35km north-northwest of AngloGold Ashanti's Cerro Vanguardia mine. Silver and gold mineralisation was first discovered at Pingüino in the mid-1990s by Mincorp Exploraciones S.A. (Mincorp), a company owned by Anglo American and a local oil company. Mincorp relinquished the properties and it was subsequently acquired by Argentex Mining Corporation (Argentex) via a deal with a local prospector Christopher Dyakowski.

The project is host to the second largest vein field in all of Santa Cruz (behind Cerro Vanguardia) with measured dimensions of 12 kilometers by 9 kilometers. Mineralised veins outcrop, are up to 13m wide and cover a combined strike of 115 kilometers. Mineralisation is associated within quartz-rich, precious metal-bearing veins (related to middle Jurassic andesitic rocks) and sulphide-rich polymetallic veins (related to lower Jurassic diorites).

From 2005 to 2013, Argentex completed multiple exploration and resource delineation campaigns completing 735 holes for 69,497m of combined Reverse Circulation (RC) and diamond drilling. The Pingüino Project has a foreign resource estimate that has been prepared in accordance with Canadian Securities Administrators' National Instrument 43-101 (NI 43-101), as set out in the table below.

- *Table 1: Foreign estimate as of September 2014*

Cutoff	Category	Mt	AgEq*85	Ag (gpt)	Au (gpt)	Ag (Moz)	Au (Koz)	AgEq (Moz)	Zn (Mlbs)	Pb (Mlbs)
20	Indicated	11.6	100	66	0.4	24.9	148	37.5	199.6	112.5
20	Inferred	6.0	70	39	0.4	7.6	71	13.7	84.9	38.3
	Total (Ind. & Inf.)	**17.7**	**90**	**57**	**0.4**	**32.5**	**219**	**51.1**	**284.5**	**150.9**
70	Indicated	3.8	212	147	0.8	18.0	93	25.9	85.3	54.6
70	Inferred	1.3	166	87	0.9	3.7	39	7.0	27.5	13.2
	Total (Ind. & Inf.)	**5.1**	**201**	**132**	**0.8**	**21.7**	**132**	**32.9**	**122.8**	**67.8**
125	Indicated	1.8	321	236	1.0	13.7	60	18.8	35.2	29.4
125	Inferred	0.5	262	134	1.5	2.0	23	4.0	10.4	6.0
	Total (Ind. & Inf.)	**2.3**	**309**	**215**	**1.1**	**15.8**	**83**	**22.8**	**45.6**	**35.3**

Pursuant to the requirements of ASX Listing Rule 5.12 E2 provides the following information:

1. The foreign estimate is sourced from a technical report on the Pingüino Project from Mine Development Associates, which was prepared for Argentex Mining Corporation on 19 September 2014.

2.The foreign estimate uses categories of mineralization of inferred and indicated resources, which are the same categories as in the JORC code.

3.These foreign estimates relate to the Pingüino Project, which E2 has entered into the Agreement to acquire. The acquisition is considered material to E2. The Pingüino Project is complementary to E2's existing Conserrat Project and the consolidation of two large silver and gold vein district under one company is anticipated to provide an accelerated pathway to critical mass and resource development (assuming that the Pingüino Project foreign estimate is converted to a JORC compliant resource).

4-5. Detail on the reliability of the foreign estimate, including a summary of the work programs on which the foreign estimate is based, are summarised in the JORC Table in Appendix A

6.No work has been completed since the September 2014 resource estimate

7.It is anticipated that desktop studies, database audit and a field review will be required to verify the foreign estimate as a mineral resource under the JORC Code. This work will be funded out of existing cash reserves and is anticipated to be completed within 3 months of closing the transaction

8.Cautionary Statement

(a) The Foreign Estimate of mineralisation included in this announcement is not compliant with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code) and is a "Foreign Estimate"

(b) An independent resource consulting group Mine Development Associates was commissioned by AGCL (a subsidiary of Austral Gold) to prepare an independent Technical Report on the Pingüino Project suitable for reporting purpose under the standards of NI 43-101. The estimate work was carried out during August 2014.

(c) A Competent Person (under ASX Listing Rules) has not yet done sufficient work to classify the Foreign Estimate as Mineral Resources or Ore Reserves in accordance with the 2012 JORC Code.

(d) It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code 2012.

9.A Competent Person's statement is located at the end of this announcement.

During March 2013, Austral Gold acquired a strategic 19.9% stake in Argentex via a private placement of new shares. Subsequent to that, the price of spot silver collapsed from US$28 per ounce to a low of US$13.8 per ounce, halting the development of the Pingüino project. In 2016, Austral Gold acquired all of the issued and outstanding common shares of Argentex that were not already held by Austral Gold. No further systematic exploration works or drilling has been completed since then.

TRANSACTION TERMS

E2 has executed an Agreement with Austral Gold to acquire 100% of the shares of SCRN Properties Ltd, the owner of the Pingüino Project. SCRN also owns the surface rights for 70% of the Pingüino Project (the El Piche Farm) and holds 17 other non-core mineral projects in Santa Cruz and Rio Negro provinces, complimenting E2's existing portfolio (see Table 3).

Conditions Precedent

The Agreement is subject to usual conditions precedent for a transaction of this sort, including the following conditions that must be satisfied before completion of the Pinguino Acquisition (completion) occurs:

1. E2 obtaining all necessary Shareholder approvals to issue the shares and options comprised in the consideration and. if necessary, proceed with the transaction;
2. no material adverse change occurring to the financial position, value, performance, assets, liabilities, business, results or operations of SCRN before Completion;
3. no material adverse change occurring to the financial position, value, performance, assets, liabilities, business, results or operations of E2 before Completion; and
4. the ASX having confirmed that ASX Listing Rule 11.1.3 does not apply to the transaction; and
5. the Directors of E2, Mr. Todd Williams and Mr Peter Mullens, having entered into voluntary escrow deeds with the Company for their shares and those deeds having become binding, including by way of the Company having obtained ASIC relief or shareholder approval.

These conditions must be satisfied on or before 28 February 2023 or, in some circumstances due to regulatory delay, 31 March 2023, or such later date agreed by the parties. The necessary shareholder approvals will be sought at a general meeting to be convened in the coming months.

Consideration

The total consideration payable by E2 for the acquisition is:

- US$5 million in upfront and deferred cash (Cash Consideration Payments)
- the issue of 49.7 million fully paid E2 shares representing approximately 19.9% of E2's pro-forma share capital (Consideration Shares) which will be subject to escrow and released 50% after 12 months and 50% after 2 years.; and

- the issue of 15 million options to subscribe for fully paid E2 shares at a strike price of 26 Australian cents, with a 3-year expiry (Consideration Options).

The Cash Consideration Payments are payable in four tranches as follows:

1. US$2.5 million payment at the completion date in the Agreement
2. US$750,000 payment on each of the first and second anniversary of signing the Agreement
3. US$1 million payment on the third anniversary of signing the Agreement

As noted above, the issue of the Consideration Shares and Consideration Options is subject to E2 shareholder approval, which will be sought at a general meeting to be convened in the coming months.

The Consideration Shares will be issued at completion and are subject to voluntary escrow with half released after 1 year and the second half released after 2 years.

The Consideration Options will be issued at completion and will be non-transferable outside of the Austral Gold group of companies and subject to conditions that Austral Gold can only exercise the Consideration Options to the extent that it will not (and no other party will) exceed 19.9% voting power in E2.

Other Key Terms

Austral Gold will have the right to appoint one person to the Board of E2 for so long as it holds at least 9% voting power in E2.

There is a residual 2% net smelter return royalty (NSR) payable in relation to the Pingüino Project (Pingüino Royalty) and a 1% net smelter return royalty (NSR) payable in relation to the Condor Project.

As part of the proposed transaction, the seller will retain its existing option to purchase the relevant royalty (such that some or all of the Pingüino Royalty could be payable to AGCL, if the option is exercised).

The post completion payments will be secured by a share mortgage over 51% of the shares in SCRN Properties Limited, which will be lifted progressively as the post completion payments are made.

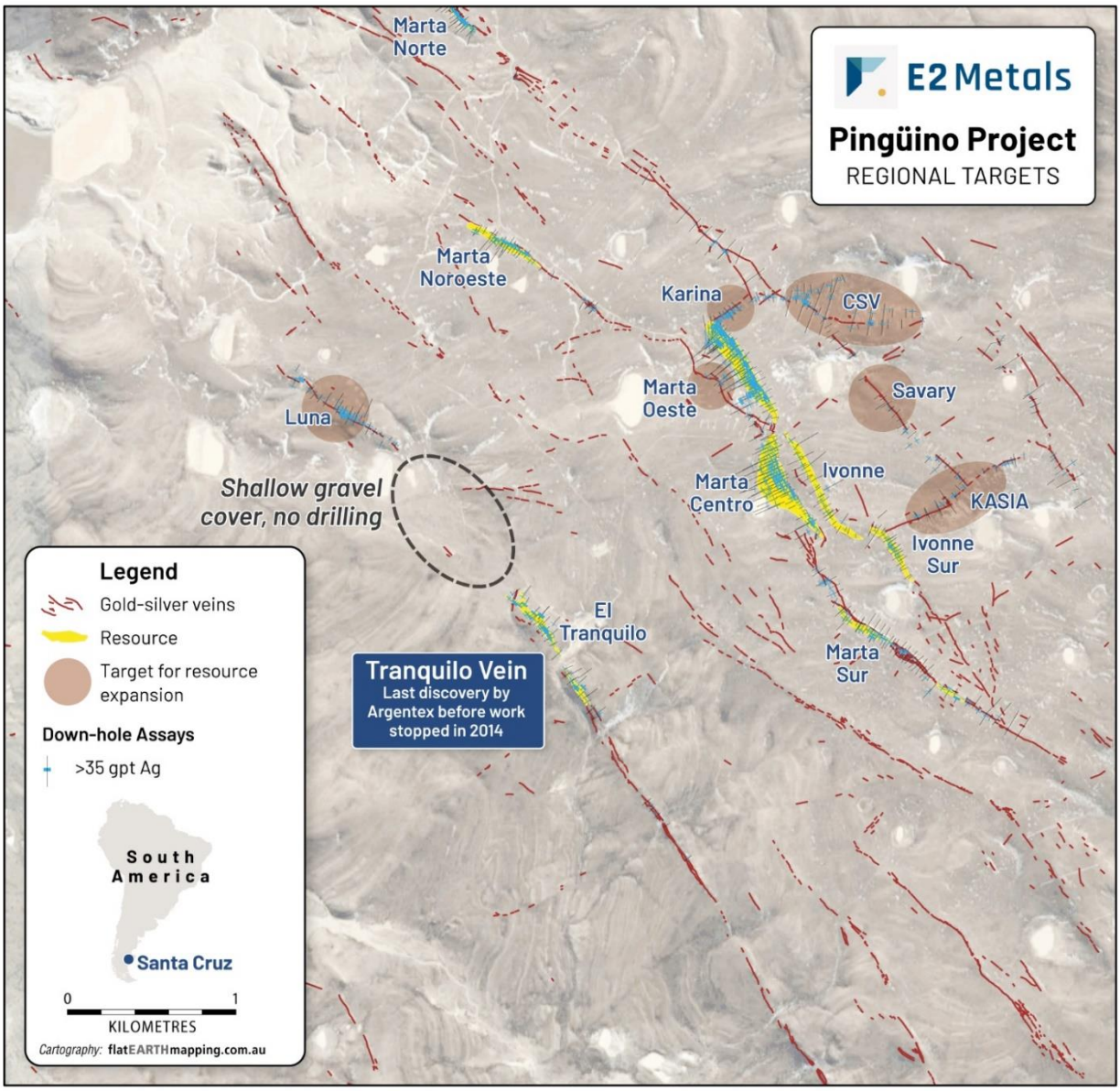
Todd Williams (Managing Director of E2) and Peter Mullens (Chairman of E2M) have also agreed to enter into a restriction deed with E2 for the securities held by them at Completion, to be released 50% after 12 months and 50% after 2 years. These Restriction Deeds will be subject to ASIC waiver or Shareholder approval due to the technical application of Chapter 6 of the Corporations Act.

TRANSACTION TIMELINE

Completion of the proposed transaction is subject to satisfaction or due waiver of the Conditions Precedent by no later than 28 February 2023 or, in some circumstances due to regulatory delay, 31 March 2023, (or such later date agreed by the parties)., and is expected to occur in the third quarter FY23.

UPCOMING WORK

E2 has concluded substantial due diligence on the Pingüino Project to date, including understanding the existing mineral resource estimate and exploration potential. A total of 19 exploration targets have been defined which includes prospects where delineation drilling is planned, advanced prospects where unmineralized surface veins remain untested by drilling, and early-stage prospects prospective for blind or concealed mineralisation. Importantly, historical drilling defines six mineralised veins that were excluded from the Foreign estimate and mineralisation remains open at depth and along strike, providing immediate options for resource expansion. Subject to closing the transaction, E2 intends to complete an updated mineral resource estimate in accordance with JORC, and at the same time, complete a maiden resource estimate (MRE) for Conserrat. This includes baseline environmental studies to update current permits to include diamond drilling.



- *Figure 2: Pingüino Project and regional targets*

- *Table 2: Pingüino Project Properties*

Name	Location	Holder	ID
Pinguino	Santa Cruz, Argentina	SCRN Properties Ltd	414409/CID/00
Tranquilo 1	Santa Cruz, Argentina	SCRN Properties Ltd	405334/SCRN/05
Tranquilo 2	Santa Cruz, Argentina	SCRN Properties Ltd	405335/SCRN/05
Cañadón	Santa Cruz, Argentina	SCRN Properties Ltd	405336/SCRN/05

- *Table 3: Regional Project Properties Held by SCRN Properties Ltd*

Name	ID	Holder	Registered Holder
Cóndor	Santa Cruz, Argentina	SCRN Properties Ltd	414085/CID/00
Mina Alto Condor	Santa Cruz, Argentina	SCRN Properties Ltd	400.720/SCRN/10
Mina Cerro Contreras Oeste	Santa Cruz, Argentina	SCRN Properties Ltd	424.987/SCRN/10
Mina Cerro Contreras Este	Santa Cruz, Argentina	SCRN Properties Ltd	424.988/SCRN/10
Diamante 1	Santa Cruz, Argentina	SCRN Properties Ltd	407.929/CID/03
Diamante 2	Santa Cruz, Argentina	SCRN Properties Ltd	407.928/CID/03
Plata Leon II	Santa Cruz, Argentina	SCRN Properties Ltd	445249/SCRN/21
Plata Leon III	Santa Cruz, Argentina	SCRN Properties Ltd	421.850/SCRN/22
Plata Leon I	Santa Cruz, Argentina	SCRN Properties Ltd	432.542/SCRN/15
Menucos 6	Rio Negro, Argentina	SCRN Properties Ltd	28.036-M-03
Menucos 7	Rio Negro, Argentina	SCRN Properties Ltd	28.037-M-03
Menucos 8	Rio Negro, Argentina	SCRN Properties Ltd	28.038-M-03
Menucos 9	Rio Negro, Argentina	SCRN Properties Ltd	28.039-M-03
Menucos 10	Rio Negro, Argentina	SCRN Properties Ltd	28.040-M-03
Menucos 11	Rio Negro, Argentina	SCRN Properties Ltd	28.041-M-03
Menucos 12	Rio Negro, Argentina	SCRN Properties Ltd	28.042-M-03
Menucos 13	Rio Negro, Argentina	SCRN Properties Ltd	28.043-M-03

THIS ANNOUNCEMENT IS AUTHORISED FOR RELEASE TO THE MARKET BY THE BOARD OF DIRECTORS OF E2 METALS LIMITED

COMPETENT PERSON'S STATEMENT

Information in this report that relates to Exploration results and targets is based on, and fairly reflects, information compiled by E2 Metals Limited and Colin Brodie, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr. Brodie is a Senior Technical Advisor and consultant to E2 Metals Limited. Mr. Brodie has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Brodie consents to the inclusion of the data in the form and context in which it appears

FORWARD LOOKING STATEMENT

Certain statements in this announcement constitute "forward-looking statements" or "forward looking information" within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. These statements reflect the Company's current expectations regarding future events, performance and results, and speak only as of the date of this announcement. All such forward-looking information and statements are based on certain assumptions and analyses made by E2M's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances.

JORC CODE REPORTING CRITERIA

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code Explanation	
SAMPLING TECHNIQUES	• **Nature and quality of sampling (e.g. cut channels, random chips, or specific specialized industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.** • **Include reference to measures taken to ensure sample representativity and the appropriate calibration of any measurement tools or systems used.**	**Pingüino Rock chip Sampling** • Approximately 297 selective rock chip samples collected using a hammer in vein outcrop, gossans and float material within the project area. **Pingüino Soil Sampling (Argentex)** • Soil samples were collected on a grid spacing of 100m by 25m-50m and were submitted for multi-element analysis. • Samples were collected by manually digging to ~0.4m depth to bedrock with a shovel or mattock, with the fines then being collected in Kraft paper bags. • Sample sites were marked with flagging, and a picket with an aluminum tag. • Samples were used to guide exploration and were not included in the resource modelling. Organic and coarse material was avoided and not included in samples. **Pingüino Trenching and Channel Sampling** • During Argentex's (AGX) time trenches were marked by a geologist with stakes and then excavated with a backhoe to a width of approximately 80cm. • The surface of the exposed rock is cleaned with heavy shop brooms. • Two parallel cuts are made along the length of the intended sample using a powered saw to a depth of approximately 3-4cm. • Two workers worked from opposite ends of the sample interval to chisel the rock and place the pieces into a sample bag, which was then labelled and sealed. • Some minor loss of fines occurred during this sampling.

Criteria	JORC Code Explanation	
		Pingüino Diamond Drilling • Drillholes were orientated to intersect minerlisation as close to perpendicular as possible. • All core was drilled at a HQ size. For mineralised zones HQ3 size was used. • Drill core was placed in wood trays and meterage blocks were inserted at the end of each run. This was reviewed by a geologist. • Core was measured for recovery and RQD, the geologist logged the core and marked sample intervals, with the sample cut plan marked as normal to the structural trend. • Each sample was then 'half-cored', with one half going into sample bags for each interval. The remaining half of the sawn core was returned to the original box and retained for archival purposes. • These sample bags were stored in a closed room at the camp until they were sent to the lab in rice bags sealed with tamper-proof closure straps. • All samples were taken by Argentex employees. **Pingüino RC Drilling** • For dry holes a cyclone was used, with the output collected in bags before being passed through a riffle splitter. • During 2011 a single-tier splitter was used with two passes reducing the sample to approximately one quarter of the original material. During the 2012 drilling a two-tiered riffle splitter was used to achieve the reduction to one quarter. • Using a two-tiered splitter both the primary and the backup sample came from the same half of the initial 50% split. This backup sample became the duplicate, which was submitted when needed. • RC holes were drilled mostly dry, the splitter was changed when the holes started to hit water in 2011, and was removed when the water was intersected, with the entire samples being collected in porous bags to be split when dry. In 2012 the wet material went from the cyclone into a rotating splitter which was set up to give a 50%, 25% and 25% splits, with the two smaller splits being the primary and back up samples. • For dry RC drilling a scoop of material was taken from the backup sample for geological logging, and for wet samples some material was screened then taken to camp, washed, dried and then logged.

Criteria	JORC Code Explanation	
		• RC samples were weighed straight away if drilled dry, or if wet the samples were air dried first. **Controls for Drilling** • For drilling in 2004-2009 Argentex inserted a blank after every 20 drill-core samples • For drilling from November 2007 to June 2008 149 field duplicate core samples, 212 pulp duplicates, and 374 blank samples were used from QA/QC. In addition, Acme (the laboratory) inserted a series of in-house standards into the sample runs. • For drilling from December 2009 to July 2010 353 pulps, and 135 blanks were submitted. • For drilling in 2011, 407 blank samples and 1,102 analytical duplicates were submitted. • For drilling in 2012, 125 blanks, 95 field duplicates and 26 'prepared standards' were submitted. • For drilling in 2013, 53 blanks, 52 field duplicates, 61 pulp and 34 CRM checks completed at a second lab, and three certified standards were submitted. • For drilling from 2005 – 2013 a total of 1114 Blanks, 283 Duplicated and 122 Standards were inserted.
DRILLING TECHNIQUES	• **Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).**	**Pingüino RC Drilling** • The reverse circulation percussion (RC) method used in this program used a 5.25" (13.335cm) face sampling bit **Pingüino Diamond Drilling** • The diamond drilling has a HQ diameter and HQ3 diameter for mineralized zones. **Pingüino combined RC-Diamond Drilling** • Four combined drill holes (RC pre collar and DDH tail) *P162-08, P163-08, P164-08 and P165-08 Drill holes (RC and DDH) were surveyed with different technics as such Tropary, Sperry Sun, acid test, Reflex E-trex, Reflex Gyro. 126 holes surveys were defined as Interpolated/Extrapolated

Criteria	JORC Code Explanation	

DRILL SAMPLE RECOVERY	• **Method of recording and assessing core and chip sample recoveries and results assessed.**
	• **Measures taken to maximise sample recovery and ensure representative nature of the samples.**
	• **Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.**
		Pingüino RC Drilling
		• Sample recovery was monitored by weighing sample bags on scales beside the drill rig if the samples were dry, if the samples were wet the geologist would wait till the samples were dry before weighing
		• Weights of the 2012 RC drilling were analysed by MDA which identified an average of 88% recovery, which when the low recoveries at the top of the hole were removed, the recovery was higher.
		Pingüino Diamond Drilling
		• Diamond drill core recoveries were assessed using the standard industry best practice which involves:
		  • Measuring core lengths with a tape measure.
		  • Removing the core from the split inner tube and placing it carefully in the core box.
		  • Assessing recovery against core block depth measurements.
		  • Measuring RQD, recording any measured core loss for each core run.
		• All core was carefully placed in HQ sized core boxes and transported a short distance to a core processing area were logging and photography could be completed.

SECTION 2 REPORTING OF EXPLORATION

Criteria	JORC Code Explanation	
MINERAL TENEMENT AND LAND TENURE STATUS	• **Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and**	E2 Metals Limited intends to acquire a 100% interest in the Pingüino Project through its ownership in private Canadian company SCRN Properties Ltd (SCRN). SCRN holds a 100% interest in four mineral exploration titles that make up the Pingüino project. **Project titles**

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th></th></tr>
<tr><td></td><td>environmental settings.
• The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</td><td>
<table>
<tr><th>Name</th><th>Title ID</th></tr>
<tr><td>Pingüino</td><td>414409/CID/00</td></tr>
<tr><td>Tranquilo 1</td><td>405334/SCRN/05</td></tr>
<tr><td>Tranquilo 2</td><td>405335/SCRN/05</td></tr>
<tr><td>Canadon</td><td>405336/SCRN/05</td></tr>
</table>
</td></tr>
<tr><td>EXPLORATION DONE BY OTHER PARTIES</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>Exploration by Mincorp under the project name “Cerro Leon”
Cerro Leon Trenching
• 168 trenches were cut which were all less than 30m in length, covering 10 veins with 40m between trenches on individual veins (Tranquilo, Marta Sur, Ivonne Sur, Ivonne, Sonia, Marta Centro, Marta Este, Marta Oeste, Marta Noroeste, and Marta Norte).
Cerro Leon Drilling
• 17 HQ core holes drilled for a total of approximately 1,000m
Exploration by Argentex, project renamed to Pingüino
Pingüino Soil Sampling
• 156 line-kilometer grid, with lines spaced 100m apart and samples taken every 50m (2004).
• Infill sampling was later completed on 25m spacing (2005).
• The number of soil samples collected in 2004-2005 range from 3,625 to 3,935.
• Samples were analysed for 36 elements by ICP.
• Further sampling was completed in 2009 to 2011 with 3,291 sampled collected and analysed for Ag, As, Au,</td></tr>
</table>

Criteria	JORC Code Explanation	
		Cd, Pb, Sb, W and Zn. • 1,123 samples were collected in 2009 and analysed for multiple elements. **Pingüino Trenching and Channel Sampling** • In 2004 Argentex re-mapped and re-sampled outcrops and 42 trenches previously excavated by Mincorp. • Trenches were opened by hand shoveling and re-sampled using a portable diamond saw. • Each sampled trench was cut by two parallel cuts approximately 10cm apart and 3 to 4 cm deep. • Samples were collected with a hammer and chisel, and analysed for Au and Ag plus 36-element ICP • Sample lengths were not greater than one meter and determined by geological units. • Trenches to be sampled were placed near existing Mincorp drill-hole collars • One trench-sample duplicate was collected independently per trench. • In 2004, between 114 and 186 further trenches were cut by Argentex in 2004 to test soil geochemical anomalies. • Trenches were hand dug or with an excavator and totaled 2,579m. • In 2006, 17 channel trenches were completed, and in 2007, extensions were made on 13 Marta Centro trenches previously completed by Mincorp and by Argentex in 2004 and were sampled and analysed, including for indium. 20 new trenches were completed based on IP chargeability anomalies and gossan zones, resulting in the discovery of 6 new polymetallic veins. • In 2009-2010 and 2010-2011 247 trenches were completed totaling 14,638m, and in 2011-2012 186 trenches were completed totaling 21,901m. A further 122 trenches totaling 6,453 were also later completed. • The database of Argentex's trenches used for the resource estimation includes information on 882 trenches totaling 49,878m. **Pingüino Drilling** • The drill-hole databased used for the resource estimation is compose of the 735 holes drilled by Argentex.

Criteria	JORC Code Explanation	
		• The 17 drill-holes completed by Mincorp were not available to Argentex and MDA and were not included in the database. • Drillholes were orientated to intersect minerlisation as close to perpendicular as possible. **Pingüino Geophysics** • Geophysical surveying begun in 2004 with a 3D-array induced polarization ("IP") survey and a ground magnetometer survey. The IP survey covered 39.5 line-kilometres with a 100m line spacing. The survey was conducted in May 2004 by SJ Geophysics Ltd. of Delta, British Columbia. In 2006-2007, the IP survey was extended with a two-dimensional dipole-dipole survey. The Instituto de Recursos Minerales conducted 48.9 line kilometres of IP/resistivity surveying. The March-April 2007 survey covered the northern part of Marta Norte vein and on the El Tranquilo fault. The deep IP survey consisted of five lines, each 2.5km long, in the central part of the project area. The detailed IP lines were measured on a 12.5m dipole spacing that highlighted details but only read up to 150m below the surface. Akubra's 3D IP survey was conducted in the area of intersection of the Marta Centro-Ivonne Norte vein system with the Marta Este and Marte Oeste veins. The gradient-array IP along a total of 20 were surveyed. • The 2004 ground magnetometer survey covered 114 line kilometres and was performed by Argentex personnel. Measurements were taken at 25m stations on lines spaced 100m apart. In September-October 2007, a ground magnetic survey was conducted over part of the property (Instituto de Recursos Minerales, 2007d). The survey consisted of 29 north-trending lines spaced 100m apart with 10m spacing for stations; the lines were each about 2,000m long, and the survey totaled 60,595 line metres. A Scintrex ENVI Mag proton magnetometer was used for this survey. Akubra and Argentex (equipment and personnel) completed a number of ground magnetometer surveys in 2010 and 2012. From May to July 2010, they undertook a regional magnetic survey consisting of 750 line kilometres on east-west lines spaced 100m apart. In addition, they completed a detailed survey that consisted of 52 east-west lines for a total of 329.1 line kilometres; line spacing was 10m (Akubra, 2010). From December 2010 to July 2011, Akubra-Argentex completed 2,610 line kilometres of detailed magnetic surveying on east-west lines spaced 10m apart. From November 2011 to June 2012, Akubra and Argentex completed an additional 3,579 line kilometres of detailed magnetic surveying, again on east-west lines spaced on 10m intervals. Akubra-Argentex used a GEM Systems GSM-19 Overhauser (with GPS) mobile magnetometer and a GEM Systems GSM-19 base magnetometer with proton sensor.
GEOLOGY	• **Deposit type, geological setting and style**	Santa Cruz Geology and Deposit Model

Criteria	JORC Code Explanation	
	of mineralisation.	Pingüino is located close to the center of the large, relatively undeformed and stable Deseado Massif, which covers an area of approximately 100,000 square kilometers stretching across southern Argentina into the Chilean southern Andres. This massif is comprised of middle to late Jurassic andesitic-rhyolitic lavas, tuffs, and ignimbrites, overlying pre-Jurassic low-to-high-grade metamorphic basement rocks and younger continental sedimentary sequences. Mesozoic volcanic rocks are broken by regional fractures, including north-northwest-trending faults which were active during the period of intense Jurassic extension and volcanism. Successive normal faulting trends predominantly in a northwest and east-northeast orientation, however the Jurassic rocks are relatively undeformed. Pingüino is centered on a regional dome, with the oldest rocks being middle to upper Triassic continental sedimentary rocks of the El Tranquilo Group. Dioritic bodies and associated mafic sills and dikes intrude the Triassic rocks and are part of the Jurassic La Leona Formation. These units are overlain by the lower Jurassic epiclastic and volcaniclastic rocks of the Roca Blanca Formation (the most extensive rock unit in the Pingüino area). This sequence is overlain by the lower Jurassic basalt flows of the El Piche Formation and ultimately by the middle Jurassic andesitic porphyries and lava flows (correlated to the Cerro Leon and Bajo Pobre Formations). Mineralisation at Pingüino is hosted with in the Roca Blanca Formation and the El Tranquilo Group and occurs in multiple veins which are clustered into three principal orientations of 330°, 300° and 70°. These veins form a system measuring 14.5km long by 4km wide, with approximately 113km of mapped vein, breccias, gossans and stockworks strike length in more than 70 veins. Veins are often more than a meter wide and range in length from hundreds of meters to kilometers. Vein styles include Ag-Au quartz rich, Ag quartz-rich veins, Ag-In-Zn-Pb polymetallic veins, Au-In-Cu polymetallic veins and Ag-rich quartz veins with polymetallic vein clasts.
DATABASE INTEGRITY	• **Measures taken to ensure that data has not been corrupted** • **Data validation procedures used**	A master set of the project database was provided to Mine Development Associates (MDA) for auditing and estimation purposes of the 2012 database. Initial logic checks were completed using the mining software Micromine and built-in validation routines. These logic checks include missing data, unlikely deviations and overlapping assay or other intervals. A small number of errors were identified and reported to Argentex. A review of gold analytical techniques was conducted to analyse any variations between ICP and fire-assay/AA values. Some instances of differences of an order of magnitude between the two analysis for

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		the same sample were identified, however these were deemed to be too few to be material in the context of the resource estimate. A review of the assay table audit was completed by MDA which checked the assay table with the original digital batch files and certificates issued by the laboratories. In some cases, the files were not able to be obtained, however this was limited. The comparison indicated that there were unresolved differences but it was deemed that these were not causes for serious concern in terms of effect on the resource estimate. As a large number of these differences were close but not identical, and there being more than one certificate for some batches, it was inferred that it was the result of reassays or for resubmissions for other reasons. An issue with core recovery and RQD was identified by MDA (some intervals had 0% core recovery and 100% RQD) and when brought to the attention of Argentex it was found to be the result of an error with a spreadsheet formula, which was then corrected. A drill-hole collar audit was completed by MDA in the field using a hand-held GPS unit to check the locations of 38 drill-hole collars and/or trenches. When the limitations of a hand-held GPS unit were taken into account, all but one drillhole locations were found to be within a reasonable error limit when compared to the database. In the one instance, the location marker (a light pipe with a name tag) was found to be 58m away from the point recorded in the database. Argentex confirmed the location recorded in the database was correct and there was a potential that the marker had detached and moved in strong wind. Down-hole survey validations were completed on all available data including scans or photos of original films from camera-type magnetic surveys, digital data sheets from down-hole tools, and also scans and digital copied of field notes taken. Where MDA identified differences between the original surveys and the database, Argentex was consulted with differences being resolved by agreement between MDA and Argentex. For downhole surveys which used a magnetic survey tool, MDA completed a validation of the data when compared to the magnetic declaration at the site of the Pingüino camp for the years 2005 and 2012 using a declination calculator. It was deemed that the declinations used all fell within a range that is reasonable. The same audit was then completed in 2014 on all additional data received post 2012.

Criteria	JORC Code Explanation	
GEOLOGICAL INTERPRETATION	• **Confidence of the geological interpretation of the mineral deposit** • **Nature of the data used and of any assumptions made** • **The effect, if any, of alternative interpretations on Mineral Resource estimation** • **The use of geology in guiding and controlling Mineral Resource estimation** • **The factors affecting continuity both of grade and geology**	The mineral resource estimate for Pingüino is an amalgamation of multiple estimates. Each vein is estimated separately within the same block model, and each vein therefore has a geological model and estimate for gold and silver. Eight of the 12 veins also have estimates for lead and zinc. Due to the complexity at Pingüino, the estimation must honour the individual characteristics (geochemistry, structure, orientation and style) of each vein. This removes avoidable risks and incorrect representation of the mineralisation. Argentex defined two main styles of mineralisation which were based on drill-sample logging. One being the vein zone (dominated by veins usually more than 20cm thick with infill or brecciated textures), the other being disseminated mineralisation which consists of stockworks or dense sets of veinlets in the host rock. These mineralisation types were coded to the vein-zone with percentages of each type of mineralisation. The vein zones and related disseminated mineralisation strike variably northwest (~325°) and dips steeply to the northeast and southwest, except for Karina and CSV which trend east-northeast to east.
DIMENSIONS	• **The extent and variability of the Mineral Resource expressed as length, plan width, and depth below surface to the upper and lower limits of the Mineral Resource**	The maximum depth of drilling on veins is approximately 400m below the surface in a hole in Marta Centro, which is the deepest drilled vein with most drilling being at a depth of 300m or above. The next deepest drilled vein is Marta Este with the drilling being approximately 300m below the surface. Marta NW, Ivonne Norte and Ivonne Sur were tested at levels at 200m below surface. All other veins are drilled to a depth of less than 150m from the surface. The strike length of these veins being modelled approximately 6km in length. Mineralisation ranges from surface through to near the bottom of the drill-hole in some veins. The vein zones range in width from less than a metre to over 20m. The mineralised halos of zinc, lead and gold reach up to tens of metres wide.
ESTIMATION AND MODELLING TECHNIQUES	• **The nature and appropriateness of the estimation technique applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, maximum distance of extrapolation from data points** • **The availability of check estimates,**	MDA estimated the resource by Inverse Distance Cubed (ID^3), Kriging, and Nearest Neighbor. These three estimates were compared to each other by domain and in total to check, also to choose the most applicable algorithm and parameters, and optimize the parameters. The ID^3 estimation was the chosen and reported estimate. Two passes were made for each metal, a long one (200mx200mx200m) to fill in the domains, and a short one closer to the correlogram-defined ranges (from 75m to 100m depending on the domain). The long-range estimate applies to only the Inferred material. Some metal domains were bimodal or had a small but

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	previous estimates and/or mine production records and whether the Mineral Resource estimate tales appropriate account of such data. • The assumptions made regarding recovery of by-products. • Estimation of deleterious elements or other non-grade variables of economic significance. • The block size in relation to the average sample spacing and the search employed. • Any assumptions behind modelling of selective mining units. • Any assumptions about correlation between variables. • The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	discrete upper domain as defined in the quantile plots for each metal and domain. When coefficients of variation were high and bimodality justified limiting the influence of the upper in-domains population, pullbacks were applied to restrict the projection of those composites. A minimum of one sample was used for all domains, but a minimum of two samples was used for the outside mineralisation estimate. A maximum of 12 samples total and maximum of three samples per hole was used. Anisotropic searches of two-to-one in the plane of the mineralisation was used for all domains. Each vein had a different search and weighting directions and dips. Only composites from each respective domain are selected to estimate into that zone.
MOISTURE	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Tonnages are calculated via the estimated volume and specific gravity measurements taken from drill-core as outlined in the 'Bulk Density' section.
CUT-OFF PARAMETERS	• The basis of the adopted cut-off grade(s) or quality parameters applied.	MDA has reported the resource at cut-offs that are reasonable for deposits of this nature given the anticipated mining methods and plant processing costs. Optimization of pit shapes was conducted to determine reasonable depths for open pit mining. The result indicates that at reasonable prices and costs, the most likely mining scenario for mineralisation below 270m elevation would be underground mining. Therefore, two cut-offs in silver equivalent per tonne 'g AgEq/t' are given for the resource; 40g

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		AgEq/t for elevations above 270m, and 100g AgEq/t for elevations below 270m elevation. A silver equivalency factor of 50:1 for gold to silver was used.
MINING FACTORS OR ASSUMPTIONS	• **Assumptions made regarding possible mining methods, minimum mining dimensions and internal mining dilution. Where no assumptions have been made, this should be reported.**	As mentioned above in the section 'Cut-off parameters', optimization of pit shapes was used to determine reasonable mining depths for open pit mining. This was deemed to be at an elevation of 270m, which therefore marks a boundary between an open pit and an underground project. A resource block size of 3m wide by 6m long by 4m high was used which reflects an appropriate mining dimension for both open pit and underground extraction.
METALLURGICAL FACTORS OR ASSUMPTIONS	• **The basis for assumptions or predictions regarding metallurgical amenability. Where no assumptions have been made, this should be reported.**	A number of metallurgical test work has been completed including: Gravity Leaching Testing, Sulphide Flotation Testing, Lead-Zinc Flotation and Oxide Leaching, and Column Leach Testing. Two metallurgical test programs were caried out at ALS-G&T Metallurgical (G&T) in Kamloops BC in 2010. The first being a series of gravity and cyanidation tests on low sulphur material from various veins, the second being flotation of Sulphide material to produce lead and zinc concentrates. In 2012, another program was carried out by G&T that involved the flotation of Sulphide vein materials from drill-core to produce lead and zinc concentrates and the leaching of oxide and Sulphide vein materials to determine their amenability to cyanidation. Concurrently a program was carried out at ALS Metallurgy in Perth, Australia to assess the amenability of surface trench materials to heap leaching. It was concluded that Marta Este and Marta Centro Sulphide material produced acceptable recoveries with potentially saleable lead and zinc concentrate grades from reasonable Pb-Zn feed grades. Samples from Marta Este, Marta Centro, Marta Norte, Ivonne, and Tranquillo oxides responded reasonably well to direct cyanidation. Five trench samples were tested for heap leaching amenability, aside from the silver contained in the Ivonne material, all five indicated reasonable-to-good leaching and fine grinds (80% passing 75 microns)
BULK DENSITY	• **Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and**	There are 884 specific gravity measurements within the database which were taken from sampled intervals of drill-core. Of these measurements, 874 were within coded areas of the model which form the basis for determining the density values to assign to the model. Argentex conducted their density measurements using the industry-accepted immersion method. These samples were not coated, which resulted in any voids/vugs that existed on the surface, as well as porous

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	representativeness of the samples.	samples would impart a high bias to the measurement. MDA deemed it appropriate to assign a 1% reduction in density to acknowledge and compensate for the potential bias. The density was separated into the Vein Zone, Disseminated Zone and Unmineralised Zone for each of the Geological features: Sulphide, Transition and Oxide Zones.
CLASSIFICATION	• **The basis for the classification of the Mineral Resources into varying confidence categories.** • **Whether appropriate account has been taken of all relevant factors. i.e. relative confidence in tonnages/grade computations, confidence in continuity of geology and metal values, quality, quantity and distribution of the data.** • **Whether the result appropriately reflects the Competent Person(s)' view of the deposit**	MDA classifies the resource in order of increasing geological and quantitative confidence into Inferred, Indicated, and Measured categories to be in compliance with the "CIM Definition Standards – For Mineral Resources and Mineral reserves" (2014) and therefore the Canadian National Instrument 43-101. MDA classified the Pingüino resources by a combination of distance to the nearest sample, number of samples, confidence in the underlying database, sample integrity, and geological understanding. The criteria for resource classification are given below. Indicated: A block must be at least touching the mineralised silver or gold domains and a block must be at least touching a modelled stockwork or vein zone, and No. of holes/ samples/ closest distance are >=3/ >=3/ 30m from closest sample or No. of samples/ closest distance are >=2/ <=20m from closest sample Inferred: Inside any silver or gold mineral domains that is not Indicated or Outside the silver and gold mineralised domains within 20m of a sample and having two samples estimate the block (*note: very rigid restrictions were placed on the estimate outside the mineralised domains) The resource is diluted to 3m wide by 6m long by 4m high blocks.
AUDITS OR REVIEWS	• **The results of any audits or reviews of Mineral Resource estimates.**	A review of the work conducted by Argentex in regards to drill type, drill spacing, QAQC and sample analysis provided a strong bases for an accurate resource estimation completed by MDA. Drill spacing is appropriate for an epithermal system, and as a result the drill density has allowed for a good estimation.
DISCUSSION OF RELATICE ACCURACY/ CONFIDENCE.	• **Where appropriate a statement of the relative accuracy and/or confidence in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the**	As the Competent Person it is my opinion that the work completed by MDA based on the information provided by Argentex was done so with a high degree of accuracy and as such the confidence level in the Mineral Resource is sufficient. Geostatistical methods have been used on each vein independently within the global estimation to factor in geochemical and geological differences identified both in the field, but also through a statistical analysis of the analytical results. No production data is available for reconciliation purposes to compare the estimated metal with the mill

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	relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and if local, state the relevant tonnages or volumes, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	output as this project is in an exploration phase.
DRILL HOLE INFORMATION	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: • Easting and northing of the drill hole collar • Elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • Dip and azimuth of the hole	No new drill results are presented in this announcement

Criteria	JORC Code Explanation	
	• Down hole length and interception depth • Hole length If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
DRILL AGGREGATION METHOD	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Gold equivalent grades calculated a spot price of USD$1700 /oz gold and a USD$20 /oz silver (Au*85 + Ag)
DIAGRAMS	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	No new drill results are presented in this announcement

Criteria	JORC Code Explanation	
	• **Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.**	
BALANCED REPORTING	• **Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.**	No new results are presented in this announcement
OTHER SUBSTANTIVE EXPLORATION DATA	• **Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.**	No new data presented in this announcement
FURTHER WORKS	• **The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).**	A total of 19 exploration targets have been defined to date which include a number of untested veins coincident to strong silver anomalies. Further to this there are a number of veins where mineralisation is open at depth or along strike. The Company has commenced environmental studies for permits for a combined Diamond and Reverse Circulation (RC) drill program at the project.